

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6334**

**BILL NUMBER:** SB 73

**NOTE PREPARED:** Apr 7, 2023

**BILL AMENDED:**

**SUBJECT:** Occupational Therapy Licensure Compact.

**FIRST AUTHOR:** Sen. Becker

**FIRST SPONSOR:** Rep. King

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill establishes the Occupational Therapy Licensure Compact.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:** *Summary*— Joining the Compact would increase the workload of the Professional Licensing Agency (PLA) and the Medical Licensing Board’s Occupational Therapists (OT) Committee beyond routine administrative functions. Implementation of the Compact is expected to require between \$24,800 and \$42,200 in staff salary costs in FY 2024. After implementation, the PLA would incur between \$7,370 and \$17,800 in ongoing annual operating expenses related to administering the Compact. PLA operating expenses are paid from General Fund appropriations.

Additionally, the Attorney General’s Office and the OT Committee would experience an increase in workload for investigatory and disciplinary procedures to the extent that complaints are made against out-of-state practitioners practicing in Indiana under the Compact or Indiana licensees practicing in other states. The OT Committee would also be required to pay any witness fees and travel expenses necessary to summon witnesses from other compact states for hearings held by the OT Committee. The volume of such complaints and disciplinary actions is expected to be minimal.

The following table provides a breakdown on the estimated initial and ongoing costs for the Compact.

Estimated PLA Expenditures for the Occupational Therapy Licensure Compact				
Expense	FY 2024		FY 2025 & Subsequent Years	
	<u>Low Estimate</u>	<u>High Estimate</u>	<u>Low Estimate</u>	<u>High Estimate</u>
PLA & OT Committee Implementation Costs*	\$24,800	\$42,200	-	-
PLA & OT Committee Ongoing Administrative Costs*	-	-	\$6,800	\$10,300
Delegate Travel**			\$570	\$1,500
Annual Assessment Fee***	-	-	\$0	\$6,000
<b>TOTAL</b>	<b>\$24,800</b>	<b>\$42,200</b>	<b>\$7,370</b>	<b>\$17,800</b>
*Estimated salary cost of existing staff to complete the bill's requirements. **Includes average costs for domestic airfare, lodging, meals, and ground transportation. ***Possible assessment fee range based on assessments of similar license compacts.				

*Additional Information* - The Occupational Therapy Licensure Compact is a multi-state agreement that will allow occupational therapists and occupational therapy assistants that are licensed in a member state to obtain mutual recognition of their licenses in other member states through a single platform. Virginia became the first state to adopt the Occupational Therapy Licensure Compact legislation in March 2021. In May of 2022, South Carolina became the 20<sup>th</sup> state to join the Compact. Therefore, the Compact is effective, since more than 10 states have joined.

*PLA Workload*— The PLA would likely dedicate a significant amount of staff time toward adopting rules relating to the compact, facilitating data sharing with the Compact Commission, educating license holders on the compact, and other planning activities in FY 2024. Salary costs associated with this workload are estimated between \$24,800 and \$42,200 based on current PLA staff salaries for the various employee types likely to be involved and across a range of total hours that may be spent on compact implementation. Ongoing workload for functions such as verifying licensure for compact applicants, submitting investigative and disciplinary information to the compact database, and providing staff support for Indiana's Compact Commissioner is estimated to require between \$6,800 and \$10,300 in salary cost per year.

*Commission Membership*— The Occupational Therapy Licensure Compact Commission is a joint public agency made up of one delegate from each compact state. The OT Committee would appoint a current committee member or a PLA administrator as a voting delegate representing Indiana in the Compact Commission. The bill authorizes the Compact Commission to levy an annual assessment fee, estimated to total up to \$6,000 per year, on Indiana as a compact state (based on data from other health care licensure compacts currently established and authorized to levy annual assessments on member states).

*Commissioner Travel*: Although the bill provides that the Compact Commission would be required to provide payment for the expenses of its ongoing activities, it also specifies that member states must provide for their delegates to attend all Commission meetings. Therefore, it is assumed that any travel required of Indiana's appointed delegate for Commission business would be at the expense of the PLA. The bill requires the Commission to meet at least once a year. Costs for Indiana's delegate to attend annual meetings are estimated

between \$570 and \$1,500 per year, based on recent domestic airfare and lodging costs.

*Uniform Data Set:* Upon joining the compact, the bill would require the OT Committee to submit a uniform data set containing certain identifying, licensure, and disciplinary information to the Commission's coordinated database on all participating practitioners. Similar requirements were included in the authorization of the Nurse Licensure Compact, which was recently implemented by the PLA. The PLA reported costs of approximately \$130,000 for harmonizing its licensure database with the Nurse Licensure Compact's national database, an effort that was funded through a grant awarded by the Nurse Licensure Compact Commission. To the extent the PLA determines that the data sharing requirements of the compact necessitate similar customization of PLA's existing licensure database, similar information technology costs may be incurred. However, the bill states that the Compact Commission is responsible for the development and maintenance of the coordinated database and does not expressly require the harmonization of states' databases with the Compact Commission's database. It is unknown whether the Compact Commission will offer funding for this type of project.

*Adverse Action:* The bill grants the OT Committee and the Attorney General's Office authority to investigate and take adverse action against an occupational therapist or occupational therapy assistant's compact privileges in Indiana. Additionally, the bill requires the OT Committee and Attorney General's Office to give the same priority for taking investigatory and disciplinary action related to conduct of Indiana licensees reported by other member states as they would if the conduct had occurred in Indiana. The bill also requires the OT Committee and the Attorney General's Office to complete any pending investigations of occupational therapists and occupational therapy assistants who change their primary state of residence during the investigation. The OT Committee would be required to report to the compact data system any adverse actions taken against Indiana compact privilege holders or distant state practitioners practicing in Indiana. The bill allows for member states to recover from the affected occupational therapist and occupational therapy assistant the costs of investigations and disposition of cases resulting from adverse actions.

**Explanation of State Revenues: Summary** - If a significant number of out-of-state occupational therapists and occupational therapy assistants who hold Indiana licenses choose to forego license renewal for compact authorization to practice in Indiana, the bill could potentially result in a reduction in General Fund revenue from license fees estimated between \$24,800 and \$74,300 per biennium. However, the bill provides that member states may charge a fee for granting compact privileges. Therefore, the OT Committee could potentially recoup some or all of this lost revenue through compact privilege fees, depending on rules adopted by the Compact Commission relating to member state fees. Any revenue impact would not be expected until the fiscal year that compact privileges begin to be granted in Indiana (FY 2024 at the earliest). *[Approximately 92% of occupational therapy license fee revenue is collected in odd numbered fiscal years.]*

**Additional Information** - The OT Committee currently collects a biennial license fee of \$100 for occupational therapists and occupational therapy assistants. In FY 2021 and FY 2022, the OT Committee collected approximately \$675,000 from license fees. As of June 30, 2022, there were 4,300 occupational therapists and 2,001 occupational therapy assistants with an active Indiana licenses with about 5,400 therapists and therapy assistants practicing in Indiana and about 900 therapists and therapy assistants outside of Indiana. Estimates of possible revenue reduction assume between 25% and 75% of the out-of-state licensees would choose not to renew their Indiana licenses upon receiving compact privileges.

#### **Explanation of Local Expenditures:**

#### **Explanation of Local Revenues:**

**State Agencies Affected:** Medical Licensing Board/Occupational Therapists Committee, Professional Licensing Agency; Attorney General.

**Local Agencies Affected:**

**Information Sources:** Professional Licensing Agency license counts FY 2022; [Search and Verify Tool](#), Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, Fiscal Year 2021; Occupational Therapy Licensure Compact Website:  
<https://www.aota.org/advocacy/advocacy-news/2022/ot-licensure-compact-enacted-in-20-states>;  
<https://www.transtats.bts.gov/averagefare/>

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